

REGULAR BOARD OF TRUSTEES MEETING MINUTES

TUESDAY, AUGUST 2, 2005

Robert D. Newland called the meeting to order at 10:05 a.m. Board members present included Don Bennett, Karen Davis, Cari Whicker and Tim Walsh.

TRF staff present included Robert Newland, Lynette Farrell, Phil Barnes, Tom Davidson, Tom Abbett, Amy Maynard Steffanie Rhinesmith and Shelley Horner. Also in attendance were Tony Armstrong designee for Chuck Schalliol and John Renner of the Budget Agency, Mary Beth Braitman of Ice Miller, and Steve Moberly of IRTA.

The Agenda was approved as presented.

Karen Davis moved to approve the agenda. Tony Armstrong seconded the motion. The motion carried.

The minutes of the June 23, 2005 meeting were approved after clarifying the wording on page 2 to note the board will recommend changing the wording of IC 5-10.2-3-8 to include "retirement disability benefits" to the General Assembly.

Cari Whicker moved to approve the Minutes. Tim Walsh seconded the motion. The motion carried.

Shelley Horner presented retiree payments for the month of August 2005.

Don Bennett moved to accept the payments. Tony Armstrong seconded the motion. The motion carried.

Tom Abbett presented the expenditures for the month of June 2005 as well as the actual expenses compared to the 05-06 budget.

Bob Newland discussed investment manager returns for the month ending June 30, 2005.

Callan's report is due to be presented on August 31, 2005. The board discussed RFP's and how often we do them. It was noted for the next meeting to prepare a recommendation to authorize an RFP for an Investment Manager. The board inquired how long Callan Associates has been representing the Fund. Bob Newland stated they have been our only investment consultant. The board recommended putting an RFP out for Investment Managers to see what type of response we receive. It was also recommended we prepare an RFP for our actuary services.

Bob Newland discussed private equities for the month adding that Portfolio Advisors is our current manager. After three years, we have 70 million invested and plan to be totally committed in two years. The board thought it would be appropriate for Portfolio Advisors to meet with us to discuss private equities, especially in regards to asset allocation. Tim Walsh added he would be interested in looking at Harvard and Yale returns and percentages. Bob Newland also discussed real estate and how it is a seller's market. Phil Barnes added currently we have TA Associates and RREEF as our real estate managers. The board would be interested in an RFP to look at investing in several funds as opposed to investing in one fund. Tim Walsh thinks the Fund should be more invested to help prevent the Fund from being flat in 48 years as Gabriel Roeder Smith has projected.

Bob Newland discussed GTAA (Global Tactic Asset Allocation) as another way to boost returns. The interviews have been competed. The board asked the investment staff who their top picks would be. Staff responded with Bridgewater and GMO as their top choices.

Bob Newland asked the board if they were prepared to elect officers at this meeting. Doug Kinser's term expired on July 31, 2005. Chuck Schalliol became a permanent member on July 1, 2005. It was noted Tony Armstrong was here on Chuck Schalliol's behalf. The Governor will appoint the sixth board member.

Bob Newland opened up nominations for President. Tim Walsh nominated Don Bennett as President. There were no other nominations. Tim Walsh moved that Don Bennett be President of the Board. Tony Armstrong seconded the motion. The motion carried.

Bob Newland opened up nominations for Vice President. Tony Armstrong nominated Tim Walsh as Vice President. There were no other nominations. Tony Armstrong moved that Tim Walsh be Vice President of the Board. Karen Davis seconded the motion. The motion carried.

Bob Newland opened up nominations for Secretary. Tim Walsh nominated Karen Davis for Secretary. There were no other nominations. Tim Walsh moved that Karen Davis be Secretary of the Board. Cari Whicker seconded the motion. The motion carried.

Bob Newland discussed the employer rate. John Renner and Tony Armstrong recalled Gabriel Roeder Smith's recommendation of 7.7%; however Tony is recommending a new employer rate of 7%. It is possible to transfer money from the PSF (pension stabilization fund) to help keep the rate low. Tony Armstrong added if we are expecting an increase next year, it is possible we could phase it in November or December to notify the schools early if the rate is expected to increase.

Karen Davis moved to set the employer rate at 7%. Tim Walsh seconded the motion. The motion carried.

Tim Walsh inquired about the Guaranteed Fund. Bob Newland noted the current Guaranteed Fund rate is 6% effective July 1, 2005 – June 30, 2006. Tim asked if there were other funds that offer something like this. Mary Beth Braitman responded that we are very comparable to other funds in the Midwest. Bob Newland added currently we have 7.5 billion in the total Fund – 4.0 billion which is employer and 3.5 billion in the Annuity Savings Account.

Bob Newland discussed appointing a new IPSI board member. Currently TRF has two spots and PERF has three on the IPSI board. Shelley Horner is currently on the IPSI board and Matt Murphy was previously however he is no longer on the TRF board so he needs to be replaced. Bob Newland recommends Lynette Farrell as the new IPSI board member for a two-year term.

Tony Armstrong moved to appoint Lynette Farrell to the IPSI board. Cari Whicker seconded the motion. The motion carried.

The next meeting was scheduled for August 30, 2005 at 10:00 a.m.

The September meeting was tentatively scheduled for September 27, 2005.

Tony Armstrong approved to adjourn this meeting. Tim Walsh seconded the motion. The motion carried.

Being no additional business, the meeting adjourned at 11:45 a.m.